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SECURITY INFORMATION

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USSR Production - (a) Announcement of Central Statistical Administration, USSR; (b) Comparison with CIA Estimates.

1. The following is a summary of the above subject as well as of the various questions relative thereto which I discussed with you on several occasions during the past two weeks. The results of 1951 State Plan as announced by the Central Statistical Administration (published in Moscow Tass 23 January 1952, and by FBIS on the 29th) may be summed up by the following statements: "The annual plan of gross production in 1951 has been fulfilled (in ruble value) for the whole of industry by 103.5 percent" and "The gross production of the whole of the USSR industry in 1951 grew, as compared with 1950, by 16 percent." No absolute production figures are shown; however, percentage increases for 1951 over 1950 are shown for about 80 items. In this connection, it is claimed that the majority of the ministries have over-fulfilled their quotas, with an improvement in quality and cost reductions in some cases. It is admitted that certain of the Ministries did not fulfill their plans, notably the Ministries of: (Metallurgy), in some individual types of rolled ferrous metals; (Heavy Engineering), in steam engines and turbines; (Machine Building), in certain types of chemical equipment and compressors; (Agricultural Machine Building), in sowing machines and tractors and certain other types of agricultural machines; (Building Materials), in certain types of cement; and of (Forestry), in the main types of commercial lumber.

2. It was also stated that "The railroads have room to improve," especially for "exploiting of the railroads." However, it is claimed that "the gross plan of goods turnover of railway transport for 1951 has been fulfilled as compared with 1950" with an increase of 13 percent. River transport has been increased similarly; and motor transport shows a 20 percent increase on the same basis.

3. Although it is claimed that the supply of building materials has improved, it is admitted that building progress has lagged. The further statement is made in connection with construction that "the planned tasks established for 1951 for the building of large hydrotechnical construction on the Volga, the Don, and the Dneiper have been successfully fulfilled, as well as for the building of the main Turkmen Canal. Nothing is stated about the extent of completion of these projects.

4. The "gross harvest of grains" was less than last year (figuring 98 mmt net compared with 100 mmt), although the statement is made that "the harvest of grain food cultures -- wheat and rye -- was higher than in 1950." Increased harvests of sugar beets and cotton were claimed.

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5. Output and sales of consumer goods and foodstuffs were increased according to the report by a significant margin. Reduced prices are emphasized and the statement is made that "the new reductions of prices led to a still further consolidation of the Soviet ruble, to an increase of its purchasing power, and to a further increase of sales of goods to the population." This, together with "growth in real wages of workers," is claimed to have increased their incomes by 10 percent.

6. Capital investment in 1951 was 112 percent as compared to 1950; and the gross national income increased by 12 percent during the same period.

7. The number of workers and employees in the national economy increased about 4 percent from 1950 to 1951 amounting to 40.8 million, and the increase in productivity of labor was stated to be 10 percent over the same period. An increase of 9 percent in the "total number of specialists (who have completed higher education or secondary technical education) in the national economy was also claimed."

8. The table shows the production of selected items calculated from the announced percentage increase. A comparison of interest with other data is also presented.

USSR Production Data on Selected Items

	1950 Plan	1950 Bulganin	1950(2) CIA	1951(1)	1951(3) CIA
Steel mnt	25.4	27.5	25.1	31.7	30.3
Petroleum mnt	35.4	37.5	37.5	42.0	41.0
Electric Power Billion KWH	85.0	90.0	85.0	102.6	99.0
Coal mnt	250.0	260.5	262.0	290.8	282.0
Copper Thous. mt	256.0	320.0	265-300	364.8	350.0
Zinc Thous. mt	150.0	135.0	190.0	155.2	105.0
Synthetic Rubber	164.0	246.0	(a) 252.0(4) (b) 160.0	295.2	172.0
Grain mnt (net)(5)	102.0	100.0	82.0	98.0	86.5
Aluminum	240.0	257.0	240.0	(6)	200.0
Machine Tools	74.0	75.0	74.0	(6)	85.0

See Footnotes on next page.

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Footnotes:

- (1) FBIS - 29 January 1962 from Moscow Tass 28 January 1962 based on percentage increases over 1950 as announced by the Central Statistical Administration attached to USSR Council of Ministries.
- (2) Task Force I.
- (3) Collected data Economic Capabilities Branch.
- (4) Given in Task Force I. Changed to (b) later.
- (5) Soviet data converted from Biological yield to net by subtracting 20 percent.
- (6) No 1951 Soviet figures announced.

In general the announcement checks the earlier one of Beriya.

9. The 1961 plan appears to be successful in terms of most production targets and value of production. Notable deficiencies, however, are: (a) the lag in production of certain types of heavy machinery and equipment (more particularly steam engines, steam turbines, chemical equipment, compressors, tractors (and other types of agricultural machinery)); building materials and building generally; agricultural products (particularly grain) and timber; (b) Increased availability of consumer goods could probably be substantiated for urban areas, but might not even be apparent on a per capita basis. Standards of living are still very low in comparison with the West; (c) The claim about reduction in prices and increased purchasing value of the ruble is artificial since retail prices include not only cost of production but sales and turnover taxes as well. The latter is several times that of the former and even a substantial apparent price reduction is insufficient to compensate for the exorbitant turnover tax; and (d) The claimed gain in labor productivity (in Soviet terms of output per man) would show up considerably less if improved and increased capital equipment were also considered.

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10. Comments from several generally reliable sources (includes OGI, and [redacted] have stressed the point that because tractor production (as well as other heavy equipment) has fallen short of plan, and the specific figure on tractors has been omitted, and more particularly because the figure cited by Beriya is claimed to be less than last years production, the difference in capacity is being diverted to greatly increased production of armaments and weapons. The writer is not in agreement with this view, but agrees rather in this connection with G-2's views and the recent report by State that the very high increases in Soviet arms production appears questionable. The increase in budget for

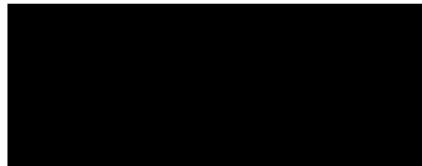
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direct military items of about 17 percent appears to be in line with increased industrial production generally (16 percent) and the high cost of development of new military items in comparison with production might conceivably reduce the total expenditures on production of direct military items.

11. The comparison of Soviet production data with those of OER (including certain changes from 1950 to 1951 in the latter) is considered of interest and is self-explanatory.

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